

SHRIMATHI DEVKUNVAR NANALAL BHATT VAISHNAV COLLEGE FOR WOMEN
(AUTONOMOUS)

(Affiliated to the University of Madras and Re-accredited with 'A+' Grade by NAAC)

Chromepet, Chennai — 600 044.

B.Com.(Honours) - END SEMESTER EXAMINATIONS APRIL - 2023

SEMESTER - VI

20UBHCT6028 - Income Tax Law and Practice - II

Total Duration : 2 Hrs. 30 Mins.

Total Marks : 60

Section B

Answer any **SIX** questions ($6 \times 5 = 30$ Marks)

1. Mr.Raman furnishes following details of various transactions. Compute Capital Gain.

| S.No | Name of Asset | Date of Purchase | Date of Sale | Cost of Purchase (Rs.) | Expenses Purchase (Rs.) | sale value (Rs.) | Expenses on Sale (Rs.) |
|------|----------------------------|------------------|--------------|------------------------|-------------------------|------------------|------------------------|
| 1 | Shares of P.S.Co (Listed) | 1.2.2021 | 4.10.2021 | 20,000 | 200 | 40,000 | 500 |
| 2 | Unlisted shares of R.M.Co. | 1.10.2020 | 31.12.2021 | 40,000 | 300 | 70,000 | 600 |
| 3 | Debentures of S.N.Co | 1.12.2021 | 5.3.2022 | 50,000 | - | 40,000 | 200 |
| 4 | Debentures of L.U.Co | 1.6.2021 | 31.12.2021 | 60,000 | - | 80,000 | 500 |

2. Mr.Mallan who is totally handicapped provides you the following information. Compute the taxable income for the assessment year 2022-2023

| Particulars | Rs. |
|-------------------------------------|----------|
| Salary (per annum) | 1,40,000 |
| Interest on Bank savings account | 15,000 |
| Interest on Govt Securities | 4,000 |
| Long term capital gain | 40,000 |
| Short term capital gain | 10,000 |
| Winnings from lotteries(Gross) | 20,000 |
| Deposit in PPF | 40,000 |
| NSC(VIII) purchased during the year | 20,000 |

3. What type of tax incentives are available to an individual for savings and investments?
4. From the following particulars compute the total income of Mr.David for the assessment year 2022-2023.

Loss from House Property - Rs.2,60,000

Short term Capital Gain on sale of shares - Rs.2,40,000

Long term capital loss on sale of bonds - Rs.(-)85,000

Other sources: Interest on Government Securities - Rs.10,000

The assessee has unabsorbed depreciation of Rs.25,000 being brought forward from 2020-2021.

Assessee had closed the business and all the assets have been disposed off.

Contd...

5. Explain any three due deductions from Gross total Income for expenses made.
6. Mrs.Laxmi aged 50 years submits the following information:
 Income from salary - Rs.12,50,000
 Interest on bank deposits - Rs.20,000
 Long term capital gain - Rs.40,800
 Taxable house property income - Rs.1,80,000
 Deposit in PPF - Rs.60,000
 LIC Premium - Rs.1,20,000
 Compute the tax liability of Mrs.Laxmi.
7. Decide about the person in whose hands the following incomes shall be taxable for the assessment year 2022-2023
 - i) Mr.Rajan owns Rs.10,000 15% debentures of Rs.100 each of X Ltd. (annual interest being Rs.1,50,000). On May 1, 2021, he transfers interest income to Balu, his friend without transferring the ownership of these debentures.
 - ii) Mr.Rajan also owns a house property in Chennai (annual rent received is Rs.1,00,000). On April 1, 2021, he transfers rental income to Vijayan, his relative without transferring the ownership of the house.
8. From the following information of Velu classify the capital assets for the assessment year 2022-23
 1. Velu purchases a house property on April 10, 2020 and transfers it on May 10, 2021
 2. Velu purchases a land on June 99, and transfers it on July 10, 2021.
 3. Velu purchases debentures of a company on August 20, 2021 which are transferred on January 10, 2022.

Section C

I - Answer any **TWO** questions ($2 \times 10 = 20$ Marks)

9. X and Y transfer the following assets to a partnership as their share of capital during 2021-2022

| Particulars | X (Rs.) | Y(Rs.) |
|----------------------------------|----------|-----------|
| Land acquired on 1.7.79: | - | - |
| Value recorded in books | 8,00,000 | - |
| Cost of acquisition | 70,000 | - |
| Fair market value on 1.4.2001 | 60,000 | - |
| Land acquired on 1.1.80: | - | - |
| Value recorded in books | - | 50,00,000 |
| Cost of acquisition | - | 50,000 |
| Fair market value on 1.4.2001 | - | 1,00,000 |
| Gold acquired on 31.3.2021(cost) | 3,00,000 | 4,00,000 |
| Value recorded in books | 5,00,000 | 6,00,000 |
| Fair market value on 31.3.2021 | 3,10,000 | 3,50,000 |

Compute the capital gains accruing to X&Y during 2021-2022.

10. Shri John, a resident individual, provides the following information relevant to the previous year ending March 31,2022.

| Particulars | Rs. |
|---|------------|
| 1. Income from salary(computed) | 2,00,000 |
| 2. Income from house property(computed) | - |
| House I | 2,40,000 |
| House II | -25,000 |
| House III(self-occupied) | -2,00,000 |
| 3. Profit and Gains of business or profession | |
| Business I | 35000 |
| Business II | -20,000 |
| Business III(Speculation) | 40,000 |
| Business IV(speculation) | -75000 |
| 4. Capital gains | - |
| STCL | -13,000 |
| LTCG | 7,000 |
| 5. Income from other sources(computed) | - |
| Income from securities | -20,000 |
| Bank interest | 10,000 |
| Income from card games | 30,000 |
| Income from betting | 30,000 |
| Loss from gambling | -60,000 |
| Income on maintenance of race horses: | - |
| At Chennai | -40,000 |
| At Bangalore(stake money received) | 30,000 |

Determine Gross total income for the AY 2022-23.

11. Krishnamoorthy, born on 5.1.1975 has the following information. Compute Gross Total, Income Tax Liability.

| Particulars | Rs. |
|---|------------|
| Salary income | 1,00,000 |
| Rent from house(per annum) | 58,000 |
| Municipal taxes paid during the year | 6,000 |
| Short term capital gain on sale of listed equity shares on 1.9.21(subject to STT) | 5,000 |
| Long term capital gain on sale of gold | 3,50,000 |
| Winnings from lottery(gross) | 50,000 |
| Interest on commercial securities | 6,000 |
| Interest on Govt securities | 2,000 |
| Interest on debentures of a listed Co | 1,50,000 |
| Deposit in PPF account | 90,000 |
| LIP on own life policy(sum assured Rs.2,00,000) | 20,000 |
| Crossword puzzle winnings | 80,000 |

12. Explain the penalties imposed under the Income Tax Act 1961 for different defaults committed by assessee's.

Contd...

II - Compulsory question ($1 \times 10 = 10$ Marks)

13. Shri Ashok is a central government employee in the ministry of finance (date of joining, February 10, 2012). During the previous year 2021-2022, his basic salary is Rs.12,000 per month. Dearness allowance considered for service benefit is Rs.2,000 per month. He contributes 10% of his salary towards notified pension scheme. A matching contribution is made by the central Govt. Compute the taxable income of Mr. Ashok. He has also contributed another 60,000 towards notified pension scheme. Identify deduction applicable and explain.
